

PART II

Regulatory Initiatives

Part II discusses recently completed or ongoing regulatory initiatives that have improved the Bureau's ability to ensure compliance by the firearms industry and to prevent illegal firearms sales and trafficking.

License Renewal Procedures

ATF is responsible for ensuring that only individuals who are engaged in the firearms business are permitted to hold Federal firearms licenses. ATF conducted an inspection program in 1993 entitled Operation Snapshot, which found that approximately 46 percent of licensed dealers conducted no business but rather used their licenses to buy firearms across State lines at wholesale prices. Further, Federal licensing procedures at the time did not take into account whether the licensees were violating State or local zoning laws.

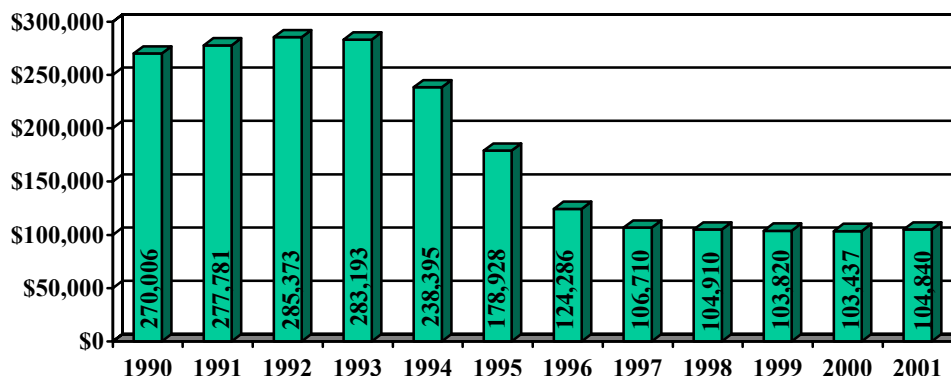
In 1993 and 1994, Congress placed new restrictions on potential licensees, including increasing the licensing fee for dealers and pawnbrokers from \$10 per year to \$200 for the first 3 years and \$90 for each 3-year renewal; requiring applicants to notify the

chief of their local law enforcement agency of their intent to apply for a license; and requiring that individuals submit photos and fingerprints with their applications, as well as a certification that their business is in compliance with all State and local laws. ATF now evaluates this information to determine applicants' eligibility for licensing.

The licensee population decreased from a high of more than 286,000 in April 1993 to a low of 102,020 in March 2000, largely as a result of these changes.

Figure 1, which follows, gives an overview of the licensee population between calendar years 1990 and 2001. Exhibit 12 in the appendix provides an overview of specific categories of firearms licensees.

Figure 1. Federal Firearms Licensee Population (1990-2001)



In 1998, the Bureau conducted a second Operation Snapshot program, which showed that 31 percent of licensed dealers had not documented a firearms sale within the previous year. Although this figure had dropped from 1993, additional measures were clearly required to ensure the integrity of the firearms industry.

In August 2000, ATF revised its Federal firearms license renewal application to require firearms dealers to document the

number of firearms they have acquired and disposed of over the prior 3 years. With this change, the Bureau is able to more effectively determine whether renewal applicants are engaging in the firearms business and whether their licenses should be renewed.

This requirement does not apply to gunsmiths who do not sell firearms or to collectors of curio and relic firearms.

Access 2000

ATF continues to improve the efficiency of the firearms tracing process while reducing costs and burdens on the firearms industry with its Access 2000 initiative. Access 2000 provides an electronic link for the Bureau's National Tracing Center to access the firearms records of participating manufacturers, importers, and wholesalers when it requires information to complete trace requests.

The system does not provide the National Tracing Center with information about individual purchasers, nor does it allow the

Center to examine all the distribution records of the participant at once. It limits ATF personnel to conducting single queries about individual crime guns. However, Access 2000 does allow the National Tracing Center to make queries 24 hours a day, 7 days a week. It reduces the burden on licensees, who no longer have to provide personnel to examine their own records to discover how crime guns have been distributed. Currently, 12 licensees are participating in the project, and ATF is working to expand licensee participation.

FFL eZ Check System

The "FFL eZ Check," which became operational in October 2000, was created to help the firearms industry prevent the fraudulent use of firearms licenses.

Prior to a licensee's disposing of a firearm to another licensee, he or she must verify the identity and licensed status of the person to whom the firearm will be transferred. This is generally accomplished by obtaining a certified copy of the license.

The advent of new computer imaging, scanning, and Internet technologies has

made it increasingly easier for an unlicensed individual to create an authentic looking copy of a license and to use that copy to attempt to order firearms from legitimate Federal firearms licensees. To prevent this from occurring, licensees may now access ATF's FFL eZ Check at www.atf.treas.gov. The FFL eZ check allows a Federal firearms licensee to verify the license prior to shipping or disposing of a firearm to a licensee. In the first 6 months of its operation, the system recorded more than 55,000 instances in which it was used.

The system also provides a toll-free number (1-877-560-2435) for licensees to query to determine the validity of a particular Federal

firearms license. The toll-free number is operational 7 days a week during customary working hours.

Industry Education and Partnerships

ATF is reaching out to strengthen and develop new working relationships with the firearms industry and consumers through education and partnerships. To this end, the Bureau regularly holds informational seminars for licensed dealers to keep them informed about legislative or regulatory changes that will affect their businesses. ATF also provides a variety of instructional and informational materials to the industry, including regularly updated reference guides to the Federal firearms laws and regulations, licensee newsletters, and a manual for dealers to evaluate their vulnerability to thefts. Additional information is also provided through ATF's website at www.atf.treas.gov.

To address industry concerns, ATF has established regularly scheduled meetings with representatives from the National Coalition of Firearms Retailers, the National Shooting Sports Foundation (NSSF) and the Sporting Arms and Ammunition Manufacturer's Association to deal with firearms issues that affect industry and the general public. ATF and NSSF have

partnered to create a two-pronged educational campaign, entitled "Don't Lie for the Other Guy," in an effort to prevent prohibited individuals from obtaining firearms. This campaign is intended to discourage people from illegally purchasing firearms on behalf of others, often for individuals who are unable to legally possess them. Moreover, it heightens awareness of these illegal sales among licensed dealers.

The first element of the campaign involves mailing kits to firearms retailers that contain posters, pamphlets, and other printed material provided by NSSF. The second involves ATF and NSSF jointly conducting a series of educational seminars in several locations for Federal firearms licensees.

ATF also meets frequently with representatives of the Firearms Importers Round Table trade group to discuss issues of mutual interest or concern relating to the importation of firearms and other munitions.